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09/624,732	07/25/2000	Gerard P. Sullivan	23334.01	6698

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EXAMINER

ZURITA, JAMES H

ART UNIT

PAPER NUMBER

2165

DATE MAILED: 04/19/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

PRA

Office Action Summary

Application No.

09/624,732

Applicant(s)

SULLIVAN, GERARD P.

Examiner

James Zurita

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 January 2002.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☐ Claim(s) _____ is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 2-10 and 13-47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on _____ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). _____
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449) Paper No(s) _____ 6) ☐ Other: _____

Response to Amendment

The reply filed on 17 January 2002 is not fully responsive to the prior Office Action because: The title of the application is APPARATUS AND METHOD FOR CREATING AND MANAGING A FINANCIAL INSTRUMENT. All claims are directed to a method. Claims 1, 9, 12 are cancelled. Original claims are amended except Claims 8, 21. Claims 30-47 are new. Claims 2-8, 10-11, 13-20, 22-47 remain and will be examined.

Response to Arguments

A First Action On the Merits rejected a number of claims as anticipated by applicant's sworn statements of 4 December 1998 to the Securities and Exchange Commission. Applicant disclosed the information on behalf of himself and his company, Claremont Investment Partners, assignee of the present invention. The SEC filing discloses the INDUSTRY LEADERS FUND®, INDUSTRY LEADERS STRATEGY MODEL® (<http://www.secinfo.com/dsvrt.75W9.htm#uqs>, form N-1A/A, SEC Files 333-62893, 811-08989, [public] Accession Number 950130-98-5798, hereinafter referred to as *the SEC 19981204 filing* (page and line numbers are from the N-1A/A). Each page of the printed document sent to applicant includes a date and time stamp (U.S. format, MM/DD/YY HH:MM AM/PM) of when the document was accessed by Examiner for printing. The SEC filing also includes a prospectus and a Statement of Additional Information (SAI).

Applicant argues that his sworn statements to the SEC are invalid as a publication and as a reference for reasons stated in A – D, below.

(A) Applicant argues that Examiner "has not established that the referenced SEC Filing is a publication under the provisions 35 USC Sections 102 or 103, and that Examiner has not made a prima facie showing that the SEC Filing is a publication for anticipation or obviousness purposes." In response, see items A(i) – (iii):

- (i) Page 10, lines 6-9 of the application states, "Total returns of the Strategy Model are returns on a hypothetical portfolio whose *results have been approved by the SEC that are included in a Prospectus for a mutual fund* [emphasis added]."
- (ii) Examiner attaches a selected materials found on DIALOG WEB®, hereinafter referred to as *DialogEdgarSEC_search*. The search and the selected documents show that EDGAR at the SEC is available to everyone and searchable by everyone, including prospective investors of ordinary skill, at least since prior to the date of the cited reference:
 - a) The SEC Opens the Door. (Securities And Exchange Commission's Electronic Data Gathering Analysis And Retrieval System), Castelluccio, Michael, Management Accounting (USA), v. 78, n. 1, p. 58(1), July, 1996; retrieved from the Internet from Dialog Information Services; Dialog Accession number 00193444; date accessed: 04/12/2002.
 - b) SEC Film File And Microfilm Dissemination, Sponsor: Securities & Exchange Commission, Procurement & Contracts Branch 19 November 1984; retrieved from the Internet from Dialog Information Services; Dialog Accession number 0779144; date accessed: 04/12/2002.

- c) Computerizing Uncle Sam's Data: Oh, How The Public Is Paying, Frances Seghers, Business Week, 15 December 1986; retrieved from the Internet from Dialog Information Services; Dialog Accession number 0025288; date accessed: 04/12/2002.
 - d) Government Project Frees Up Access to SEC Data, Communications Daily , V 13 , N 205 , 25 October 1993, Warren Publishing Inc.; retrieved from the Internet from Dialog Information Services; Dialog Accession number 02206561; date accessed: 04/12/2002.
 - e) SEC Adopts New Electronic System, Cynthia Williams, Electronic Banking & Finance , v. 6, n. 4, June, 1989, Publisher Elsevier Science, Inc.; retrieved from the Internet from Dialog Information Services; Dialog Accession number 01109521; date accessed: 04/12/2002.
 - f) Prepaed Testimony Of Arthur Levitt, Chairman, U.S. Securities And Exchange Commission Before The House Committee On Appropriations Subcommittee On Commerce, Justice, And State, The Judiciary, And Related Agencies Concerning Appropriations For Fiscal Year 1997. 9 May 1996; retrieved from the Internet from Dialog Information Services; Dialog Accession number 00175957; date accessed: 04/12/2002.
- (iii) The SEC and commercial information services disseminate information via publicly accessible databases. See at least "Important Information About EDGAR" www.sec.gov/edgar/aboutedgar.htm last modified 28 June 1999, and "FTP Information on the EDGAR database" <http://www.sec.gov/edgar/searchedgar/ftpusers.htm>,

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referring to the dissemination of data by a company called TRW after 11 November 1998. Retrieved from the Internet on 04/17/2202.

(B) Applicant cites *In re Cronyn* to support his arguments that applicant's SEC sworn statements were not accessible to the public. In *Cronyn*, a federal court in 1989 held that a college thesis that had not been indexed or cataloged but only identified by the name of the student author, was not "accessible to the public" and, thus, was not an effective reference (MPEP 2128 at 2100-66). However, MPEP 2128 also states that the doctoral theses were shelved and indexed by index cards filed alphabetically by student name and kept in a shoe-box in the chemistry library [of Reed College, a liberal arts college in Portland Oregon, 13 USPQ2d 1070 at 1071]. The index cards only listed the student name and title of the thesis. In response, see items B (a)-(f):

- a) In contrast to *Cronyn*, the facts of the instant case reveal an applicant who actively seeks investment from the public and who has filed sworn documents with the Securities and Exchange Commission. Applicant's qualifications (see at least section entitled Portfolio Manager in N-1A/A, pages 20-21 of *SEC 19981204 filing*) and financial disclosures are of public record at the SEC and have been widely disseminated and are accessible to the public in various forms. Applicant sought and obtained Trademark protection INDUSTRY LEADERS FUND ® (Serial number 75007304, filed 1995, registered 10 March 1998).
- b) Examiner includes a printed copy of "Claremont to manage new fund," hereinafter *ClaremontNewsLetter*, published 21 September 1998, in Mutual

Fund Market News, v. vi, n. 37, page 20. *ClaremontNewsLetter* identifies applicant's company, Claremont Investment Partners, the INDUSTRY LEADERS FUND®, the INDUSTRY LEADERS STRATEGY MODEL®. Retrieved from the Internet from Dialog Information Services; Dialog Accession number 2261569; date accessed: 08/29/2001.

- c) Examiner also includes a list of other sworn disclosure statements filed by applicant and assignee from 31 March 1997 through 29 August 2001. The index is from www.secinfo.com, a commercial service that disseminates SEC publications. Retrieved from the Internet on: 08/31/2001.
- d) MPEP 2128 at 2100-65 states: [PTO] Office policy requiring recordation of the field of search and search results (see MPEP § 719.05) weighs in favor of finding that Internet and on-line database references cited by the examiner are 'accessible to persons concerned with the art to which the document relates and thus most likely to avail themselves of its contents.' *In re Wyer*, 655 F.2d 221, 210 USPQ 790 (CCPA 1981). See *DialogEdgarSEC_search*, above.
- e) In *In re Epstein*, 32 F.3d 1559, 31 USPQ2d 1817 (Fed. Cir. 1994), a federal court found that database printouts of abstracts which were not themselves prior art publications were properly relied on as providing evidence that the [software] products referenced therein were "first installed" or "released" more than one year prior to applicant's filing date.

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- f) Examiner includes selected pages from DIALOG WEB® and WESTLAW® to show that applicant's disclosures were available on DIALOG WEB® (4 December 1998). Retrieved from the Internet from Dialog Information Services; Dialog Accession number 03604903; date accessed: 04/17/02. and on WESTLAW® (loaded onto a database on 7 December 1998 and copyrighted in 1998 by EDGARPlus®). Retrieved from WEWLAW® on 04/09/02.

(C) Applicant argues that the database or web site from which the applied reference was obtained was not indexed or catalogued. In particular, applicant argues, there is no proof that the web site from which the SEC filing was accessed had been catalogued by the use of metatags. In response, see items C (a)-(b):

- a) Printed and electronic copies of disclosures, indexed and catalogued by year, quarter, company and fund name, may be obtained from the SEC's file transfer protocol server. For example, <ftp://ftp.sec.gov/edgar/full-index/1998/QTR4/> contains SEC filings from the fourth quarter of 1998; downloadable zipped index files contain names of each fund for which the SEC received filings, including applicant's INDUSTRY LEADERS FUND®. A printed copy of this index is provided. Retrieved from the Internet from SEC ftp site; date accessed: 04/12/2002.
- b) <META> tags are not necessary for indexing or cataloging documents. It is well known to those of ordinary skill in the art that databases, indices, catalogs and the Internet have been in wide use since at least the late 1960's.

<META> tags became widespread with release 2.0 of the Hypertext Markup Language/HTML, in 1995. See at least http://www.w3.org/MarkUp/html-spec/html-spec_toc.html for early descriptions of the <META> tag. Current HTML release 4.01 support the use of the <META> tag. Many books are sold that describe HTML releases. Retrieved from the Internet; date accessed: 04/12/2002.

(D) Applicant argues that Examiner failed to comply with MPEP 707.05(e), "Data Used in Citing References, Electronic Documents" and, in particular, the date when the document was retrieved from the electronic media and the date of publication. In response, MPEP 707.05(e) states, "If an electronic document is also available in paper form *it does not need to be identified as an electronic document, unless it is considered desirable or useful to do so* [MPEP 700-94, emphasis added]." Examiner considers that further identification of the document containing applicant's sworn disclosure statements is unnecessary, not useful and not desirable for at least the above reasons.

In conclusion, applicant's sworn disclosures have been widely disseminated and publicly available in various forms (including print, film, microfilm, sales brochures, press releases, via **ftp** and **http** servers) at least since he filed them with the SEC on 4 December 1998. Their wide dissemination assures that the same document may still be available for retrieval in the future. For the above reasons, applicant's arguments are not persuasive.

Specification

The disclosure is objected to because of the following informalities:

In relation to claim 30, page 14, line 5, item (d) should be changed to **(c)**, since Claim 30 has only items a-c.

In relation to claim 38, page 18, line 2, step (d) should be changed to step **(e)**.

In relation to claim 42, page 18, line 9, claim 41 should be changed to claim **42**.
Page 18, line 10 contains the text “. . . of the same group . . .” The word **same** is not found in claim 41 or claim 42; it is found only in Claim 8.

In relation to claim 47, page 19, line 15, claim 46 should be changed to claim **47**.
Also, Page 19, line 16, quotes claim 47 (c) as stating “dividing selectively an industry allocation into at least first and second parts thereof.” Claim 47 (c) does not contain the word *thereof*. Appropriate correction is required.

Claim Objections

Claim 28 is objected to because of the following informalities: claim 28 states, “wherein said step of allocating said industry allocation among . . .” There is no verb. Examiner believes this to be a word processing error and that claim 28 is intended to mirror amended claim 10, which states, “wherein said step of allocating *allocates* said industry allocation among.”

Several marked-up claims are different from claims in the clean copy: Claims 13 and 14 depend on claim 46 in the marked-up copy, but depend on claim 47 in the clean copy. For reasons stated in 37 CFR 1.121 (c) (1)(ii)(2001), examiner will rely on text in the clean copy.

Claim 40 (c) contains the text "allocating an industry allocation *to each to each* industry group of said plurality" This seems to be a word processing error. For purposes of this examination, Examiner will remove one of "to each."

Claim 47(b) contains the text "summing said *date* element." This appears to be a word processing error and should be changed to "summing said *data* element."

For purposes of this examination, examiner will enter the above changes.
Appropriate correction is required.

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claim 37 recites the limitation "said one utility group." There is insufficient antecedent basis for this limitation in the claim. There are no references to a utility group in the specifications or in the preceding claims. This appears to be a word processing error. For purposes of this examination, Examiner will interpret the cited text of claim 37 to state "said one industry group."

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 32-34, 37, 42, 43 and 41, 2, 3 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite.

As per claim 32, 33 and 34, the term "dependent" in claims 32, 33 and 34 is a relative term which renders the claim indefinite. The term "dependent" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention. The indefinite nature of these claims is highlighted by applicant's language of page 1, lines 26-29, which states, "This invention has the same goal as these proprietary models (to be differentiated from actively managed funds by association to a discipline), yet this invention attempts to use a rigid and unique methodology to achieve the creation of understandably allocated portfolios." Since applicant calculates investment allocation by various products, ranges, proportions, percentages, number of securities and industries, these claims are indefinite in that applicant has failed to disclose how the dependence is measured.

As per claims 37, 42 and 43, the use of the term "number" is indefinite as used in new claims 37 (a second *number* of securities of said one industry group, said second *number* being greater than said first *number*), new claim 42 ("greater than another of said plurality of securities), and new claim 43 ("the greater of said one and said other securities"). This use of the term is inconsistent with the disclosure and how the term is used in other claims. In the disclosure and other claims (such as 24, 26, 27, 36 and 38), the term "greater than" is used when comparing amounts and derived totals with a declared first or second limit, such as "greater than said limit" and "greater than said first limit" and "greater than said second limit." As used in claims 37, 42 and 43, it is unclear whether the term refers to a count of how many securities are in a set or subset or

whether the term refers to a sorting function of a set where security numbers are being compared.

Claims 38 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claim 38(b) recites summing of a value but fails to state which value is being summed. This appears to be a word processing error, since summing functions in 30(b), 35(b), 40(b), 42(b), 44(a) and 47(b) refer to summing one of a number of data elements for each security. Summing a "value" renders the claim indefinite, since the disclosures use the term value to refer to Value Line® and to the percentage value in one of upper and lower ranges of an investment percentage. For purposes of this examination, examiner will apply this correction.

Claims 41, 2 and 3 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 41, 2 and 3 use the term *update* and *updating* in the context of updating a *data element*. Applicant defines data element as input and provides several examples on page 5, lines 8-19. Input as described by the invention cannot be modified.

Claims 41 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 41 recites access of a real time source for the purpose of obtaining a current value of each security. While VALUE LINE® and others might provide such services, applicant's claims relate to batch processing, where the input

files that contain new information concerning the data elements are obtained and the information updated from the input data on a cyclic basis.

As to claim 42, the term "substantially" in claim 42 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention.

Claims 42 is indefinite because claim 42(d) does not specify how one determines "whether one of said plurality of securities of said one industry group is greater than another of said plurality of securities of said one industry group by a predetermined amount." Examiner believes this is word processing error and that claim 42(d) should read, "whether a data element of one of said plurality of securities of said one industry group is greater than a data element of another of said plurality of securities of said one industry group by a predetermined amount for the specified data element."

Claims 43 is indefinite for reasons similar to those cited for claim 42(d). Claim 43 states, "The method of claim 42, wherein *if* said one security is greater than said other security of said one industry group by more than said predetermined amount, allocating said allocation only in the greater of said one and said other securities." Examiner believes this is word processing error and that claim 43 should read, "The method of claim 42, wherein *if* said *one data element of one* security is greater than *one data element of* said other security of said one industry group by more than said predetermined amount, allocating said allocation only in the greater of said one and said

other securities.” For purposes of this examination, examiner will apply these corrections to claims 42 and 43.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 30, 35, 38, 40, 42-44 and 47 are rejected under 35 U.S.C. 102(b) as being anticipated by Luskin et al. US Patent 5,812,987.

As per claims 30, 35, 38, 40, 42-44 and 47, Luskin et al. disclose the method of allocating an investment among a population of securities, each security having at least one corresponding updateable data element, said method comprising the steps of (reiteratively):

- a assigning (singly and reiteratively) each security of said population to a corresponding industry group of a plurality of industry groups (see at least Col. 4, lines 17-43, Col. 5, lines 32-62, Col. 6, line 61-Col. 7, line 44 and Col. 8, line 8- Col. 9, line 22);
- b summing said data element of each security of said population to provide an industry total of the data element for each of said corresponding industry groups and an

universe total of the data elements of each security of said population (see at least Col. 4, lines 44-67 and Col. 5, lines 46-62);

c comparing an industry total for specified data elements of an industry group with upper and lower limits or with predetermined amounts, determining, calculating and allocating an industry allocation to one or more securities within an industry group as a result of the comparison (see at least Col. 10, line 20-Col. 11, line 57 for discussion of determining investment strategy, including calculations by percentage or as function of other variables, including risk tolerance);

d allocating an industry allocation to each industry group of said plurality (see at least Col. 5, lines 1-15 and Col. 6, lines 5-60 concerning percentage allocation);

f assigning again (see at least Col. 9, lines 3-22). In addition, repeating certain steps is an inherent function both in computer programming and in managing an investment. In applicant's invention, computers, *dowhile* [...] loops and variants are necessary when processing input and applying risk measurements and cyclical updates. In fund management, it is imperative to repeat the assigning cycle by itself or in combination with other steps because of the inherent change in market forces. For example, a company might decide to reduce or eliminate its activities in certain industries. A fund manager has fiduciary responsibilities to investors. These responsibilities include that he perform all or some of the following: re-evaluate, re-assign, recalculate (including by sum or other arithmetic process), reallocate, recompare. It is well known that a fund manager's success inherently includes


reiterative analysis and evaluation of a universe of mixed assets to maximize returns on investment).

It is well known to those of ordinary skill in the art that In a computer program, the steps may be set up as classes that are instantiated according to what one wants to examine together or in isolation. It is also well known that on the business side, one might want to evaluate an investment/profit curve based on a whole universe or based on partial sets of the same population. It is also well known that one might also apply different weighs based on one's perception of risks, and perhaps analyze the synergistic effects of various combinations.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 31-34, 36, 37 and 39 are rejected under 35 U.S.C. 103(a) as being unpatentable over Luskin et al., US Patent 5,812,987. 

As per claims 31-34, 36, 37 and 39, Luskin et al. disclose comparing an industry total for specified data elements of an industry group with upper and lower limits or with predetermined amounts, ranking the securities by different criteria, determining, calculating and allocating an industry allocation to one or more securities within an

industry group as a result of the comparison (see at least discussion of comparing (reiteratively, as well) in relation to claim 35, above).

Luskin et al. disclose different methods for determining industry allocations, including the use of percentages (see at least Col. 5, lines 1-30). Luskin et al. disclose various methods of carrying out their comparisons, and the use of upper and lower bounds (see at least Col. 7, lines 35-64).

Luskin et al. do not use applicant's terms to disclose actions that will be taken as a result of the various comparisons. The SEC filing discloses the use of percentages to calculate an investment allocation. See at least page 12, which states, "The common stockholders' equity ranking of each industry determines the *percentage* of the Fund's portfolio investment to be made in each industry." Specified percentages, such as 3%, 14% and 25% of a fund portfolio would be allocated to any one industry. Percentages and proportions of a part can be calculated only in relation to an entire universe. The SEC filing discloses the use of first and second limits as part of an investment policy (see at least SEC filing, page 12, lines 34-43 as well as page 15, *Investment Policies*). For example, the SEC filing states, "... will not have more than 14% of Fund Portfolio assets in any one industry" and "... will not have more than 3% of Fund Portfolio in any one company, " and "...will not have its top 10 holdings > 25% of the Fund portfolio."

Therefore, it would have been obvious to one of ordinary skill in the art to combine Luskin et al. and SEC filing to create different ways of allocating an industry allocation. One of ordinary skill in the art would have been motivated to combine Luskin et al. and SEC filing for the obvious reason that fund managers have a fiduciary

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responsibility to investors to manage a fund wisely. Wise management includes spreading an allocation among several companies within an industry according to measurable parameters. As is well known, setting these parameters includes creating upper and lower boundaries for each industry group; the boundaries may be expressed as percentages or as specific amounts. It is well known that managing a fund includes constantly and reiteratively evaluating the universe of securities, shifting the companies within an industry when necessary, resetting upper and lower boundaries and specific amount limits, and allocating investments to one, two, three or more companies within an industry. As is well known in the art, limits may be set up as multiples of each other, as multiples of industry, national and international data elements).

As per claims 41 and 2-8, Luskin et al. disclose updating at least some or all a population of securities on a periodic cycle (see at least col. 2, lines 29-63), updating them periodically (see at least Col. 4, 64-66), reassigning on periodic cycle the securities of each of said plurality of industry groups (see at least Col 9, lines 12-21, updating industry group(s) on the same or different periodic cycle (see at least col. 6, lines 19-32), dividing a plurality of securities are subdivided into a plurality of editions (see at least col. 4, lines 19-50), update on a cycle that is staggered from the cycles of the other editions of said plurality (see at least col. 2, lines 39-47), and where each cycle is of the same length (see at least col. 4, lines 64-66). See also discussion of claim 40, above. Luskin et al. do not disclose accessing a real time source of the current value of a data element. However, Luskin et al. teach obtaining market data to forecast results (see at least col. 7, lines 15-64).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to access a real time source of the current value of a data element. One of ordinary skill in the art at the time the invention was made to access a real time source of the current value of a data element for the obvious reason that my including real time information, one can create forecasts and plan accordingly. It is well known to one of ordinary skill that obtaining multiple data element information from real time sources allows one to create models of what is going in between periodic cycles and test one's assumptions about expected trends.

As per claims 45-46, Luskin et al. disclose the use of different data elements to manage a fund dynamically (see at least Col. 7, line 15-Col. 11, line 57). Luskin does not specifically disclose applicant's names for types of data elements recited in claims 45 and 46. However, per applicant's admission, one can use Publicly available data from the EDGAR database of the SEC for fundamental data elements like common shareholders equity, net income, net revenue, net earnings and total assets, and for BLOOMBERG® for market capitalization.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include information about data elements like common shareholders equity, net income, net revenue, net earnings and total assets, and market capitalization. One of ordinary skill in the art at the time the invention was made would have been motivated to include information about data elements like common shareholders equity, net income, net revenue, net earnings and total assets, and market capitalization for the obvious reason that the information is readily available from at

least several authoritative sources, and the elements are an essential part of analyzing how different companies perform.

Claims 10, 11, 13-22, 28, 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Luskin et al. in view of a December 4, 1998 filing with the Securities and Exchange Commission (SEC) for the INDUSTRY LEADERS FUND®, (<http://www.secinfo.com/dsvrt.75W9.htm#uqs>, form N-1A/A, SEC Files 333-62893, 811-08989, [public] Accession Number 950130-98-5798, hereinafter referred to as *SEC 19981204 FILING* 1204 filing (page and line numbers are from the N-1A/A).

As per claims 10, 11, 28-29, Luskin et al. disclose comparing an industry total for specified data elements of an industry group with upper and lower limits and with predetermined amounts, determining, calculating and allocating an industry allocation to one or more securities within an industry group as a result of the comparison (see at least discussion of comparing (reiteratively, as well) in relation to claim 35, above).

Luskin et al. do not use applicant's words to disclose an industry allocation among (a) a selected one or more of said securities of said one industry group (b) **all** of said securities of said one industry group (c) **all** of said securities of said one group proportionally to the magnitudes of each of said data elements of said securities of said one industry group. The SEC filing discloses comparing and allocating an investment allocation among (a) a selected one or more of said securities of said one industry group (claims 10 and 11, see at least SEC filing, page 12, Lines 34-43); (b) **all** of said securities of said one industry group (claim 28; see at least SEC filing, page 12, lines 33-40, which discloses that the allocation may be distributed to one or more companies

within an industry group) and (c) all of said securities of said one group proportionally to the magnitudes of each of said data elements of said securities of said one industry group (claim 29; see at least SEC filing, page 12, lines 33-34).

Therefore it would have been obvious to one of ordinary skill in the art to combine Luskin et al. and the SEC filing to disclose the step of calculating, comparing and allocating an industry allocation to a (a) selected number of securities in an industry group, or to (b) all of the securities in an industry group or to (c) all the securities in an industry group according to proportions among related data elements.

One of ordinary skill in the art would have been motivated to combine Luskin et al. and the SEC filing for the obvious reason that a fund manager would want to distribute the inherent risk of investing among a broad base of items so as to minimize the impact of downward slopes in the economy, or to take advantage of particularly attractive companies in selected industries.

As per claims 13-22, Luskin et al. disclose the elements cited in reference to claim 47. Luskin et al. teach that over the maturity of an investment fund, the investment mix is adjusted by adjusting the percentage of available cash distributed among the portfolios P_m in each fund F_n . Over the maturity of the fund, the cash is distributed among the portfolios such that near the time horizon for the fund, the portfolios have a greater relative percentage of value invested in the lower-risk portfolios P_4 and P_5 (see at least col. 1, lines 1-15). Luskin et al. teach that strategic asset class weights are used to modify the mix of assets in a fund to produce a modified asset mix for a fund. Based on this modified asset mix, assets in the fund are bought or disposed

of on the open market to conform to the strategic asset mix. New investments coming into the fund (e.g., cash, contributions, electronic funds) are also allocated according to the strategic asset mix. The strategic investment component can be repeated in order to process a plurality of funds. Strategic asset class weights are used to determine tactical investment strategy. In one embodiment, the tactical component represents 25% of the overall investment strategy of a fund (e.g., 25% of incoming cash or other investment is invested tactically), however this percentage can be modified as desired. The tactical investment component can be repeated in order to process a plurality of funds. According to Luskin et al., the tactical component is optional. Luskin et al. discuss determination of tactical investments with reference to FIG. 9 (see at least col. 9, lines 3-22). Luskin et al. describe limitations and ranges that might be applied to investment criteria (see at least Col. 7, line 25 – Col. 11, line 57). Luskin et al. do not specifically teach the use of applicant's terms, such as ranking, set amount, set limit, which part corresponds to what limit, which amount is set as a proportion of a universe total, that a proportion is 2.25%, or the pseudocode for specific if statements of a computer program.

The SEC 19981204 FILING1204 filing, which discloses the ranking of securities of an industry group according to the magnitude of their data elements (see at least Page 12, lines 31-32); limiting a security allocation to each security of a population so as not to exceed a set amount and setting a limit as a proportion of said universe total (see at least Page 37, lines 1,2); setting a proportion to 2.25% (see at least Page 15, line 19); limiting said first (or any) part so as not to exceed a set amount (see at least

Page 37, lines 1,2); setting an amount as a proportion of said universe total (see at least Page 15, lines 16-21); comparing a part to an amount and performing routines according to the results of the comparison.

The SEC 19981204 FILING1204 filing, page 15, discloses specific percentages (3%, 14% and 25%) of a fund portfolio total that would be allocated to any one industry. Percentages and proportions can be calculated only in relation to an entire universe. The values specified as percentages can therefore also be expressed as set amounts.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to combine Luskin et al. and SEC filing. A person of ordinary skill in the art at the time the invention was made would have been motivated to combine Luskin et al. and SEC filing and include steps to allow a manager the flexibility to distribute his investment allocations according to market conditions as reflected by the values of the various data elements of a universe of securities.

Claims 23-27 are rejected under 35 U.S.C. 103(a) as being unpatentable over Luskin et al. in view of Wolfberg et al. (US Patent 5,745,706).

Luskin et al. teach dynamic allocation in fund management (see at least Col. 7, line 15-Col. 11, line 57). Luskin et al. do not disclose the specific names of types of data elements recited by applicant in claims 24-27. Luskin et al. do not specifically teach the use of applicant's terms, such as ranking, set amount, which part (first, second, third . . . nth) corresponds to what limit (upper, lower, maximum, minimum), which amount is set as a proportion of a universe total, that a proportion is 2.25%, or the pseudocode for specific if statements of a computer program.

As per Claim 23, Wolfberg et al. teach the concept of spending flexibility guidelines, allowing a human fund manager or a computer program to control associated asset mixes within investment guidelines. Wolfberg et al. teach in alternative embodiments of their invention that percentages, fixed sums and dates certain may comprise alternative values, chosen by the account holder from a set of alternatives offered by the account manager. A manager may offer the account holder a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment gain over other financial products, while the account manager is compensated for its financial product offering (see at least col. 6, lines 6-21, and more generally, Col. 6, line 54 to Col. 10, line 32). Thus, Wolfberg et al.'s spending flexibility guideline model would be applicable even while adhering to an indexed fund with an asset mix determined by industry type.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a method to further include step of setting at least first and second limits as different whole multiples of said set amount respectively. A person of ordinary skill in the art at the time the invention was made would have been motivated to include such a step for industries where securities are available as bulk purchases. It is well known that while some funds invest solely on corporate stock, other funds may be more willing to invest in company issued debentures, or government bonds. It is also well known that managers must perform fund balancing, and that

purchases may require investment of set amounts that are not needed in more atomized markets.

As per Claim 24, Wolfberg discusses flexibility spending guidelines that are used to permit a fund manager to allocate funds to various asset mixes depending on a number of variables, including risk, minimum and maximum ranges for type of mix. (see at least col. 6, line 54 to Col. 10, line 32).

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a method wherein said second limit is greater than said first limit, and there is further included the step of comparing said investment portion to said first limit and, if greater, setting said first part equal to said set amount and allocating said first part to a first security of said corresponding industry group. A person of ordinary skill in the art at the time the invention was made would have been motivated to include such a step to permit fund managers to allocate assets in terms of dollar amounts rather than percent of an industry portfolio mix, and to permit fund managers some discretion in allocating funds to industries that are temporarily out of balance and ripe for readjustment by the various money markets.

As per Claim 25, Wolfberg et al. teach the concept of spending flexibility guidelines, allowing a human fund manager or a computer program to control associated asset mixes within investment guidelines. Wolfberg et al. teach in alternative embodiments of their invention that percentages, fixed sums and dates certain may comprise alternative values, chosen by the account holder from a set of alternatives offered by the account manager. A manager may offer the account holder

a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment gain over other financial products, while the account manager is compensated for its financial product offering (see at least col. 6, lines 6-21, and more generally, Col. 6, line 54 to Col. 10, line 32). Thus, Wolfberg et al.'s spending flexibility guideline model would be applicable even while adhering to an asset mix determined by industry type.

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to include a method wherein if said investment portion is less than said first limit, setting said first part to less than said set amount and allocating said first part to a first security of said corresponding industry group. A person of ordinary skill in the art at the time the invention was made would have been motivated to include such a step to permit a fund manager to invest in an industry security that shows promise and possibly obtain a higher return on investment than by holding uninvested fund assets in more traditional short-term cash management instruments.

As per Claim 26, Wolfberg et al. teach the concept of spending flexibility guidelines, allowing a human fund manager or a computer program to control associated asset mixes within investment guidelines. Wolfberg et al. teach in alternative embodiments of their invention that percentages, fixed sums and dates certain may comprise alternative values, chosen by the account holder from a set of alternatives offered by the account manager. A manager may offer the account holder a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment

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gain over other financial products, while the account manager is compensated for its financial product offering (see at least col. 6, lines 6-21, and more generally, Col. 6, line 54 to Col. 10, line 32). Thus, Wolfberg et al.'s spending flexibility guideline model would be applicable even while adhering to an asset mix determined by industry type.

Therefore, it would have obvious to one of ordinary skill at the time the invention was made to include a method wherein if said investment portion is greater than said first limit, comparing said investment portion to said second limit and, if less, setting a second part equal to said set amount and allocating said second part to a second security of said corresponding industry group. A person of ordinary skill in the art at the time the invention was made would have been motivated to include such a step to permit fund managers to provide support for the securities of two companies that are recognized as the leaders in a particular industry. It is well known in the art that in periods where an industry is undergoing expansion, a fund manager might prefer to invest in several industry securities as an alternative to more traditional ways of holding uninvested fund assets.

As per Claim 27, Wolfberg et al. teach in alternative embodiments of their invention that percentages, fixed sums and dates certain may comprise alternative values, chosen by the account holder from a set of alternatives offered by the account manager. A manager may offer the account holder a set of alternative values having differing fixed sums or dates certain, each having the feature that the account holder achieves a spending flexibility service or an investment gain over other financial products, while the account manager is compensated for its financial product offering

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(see at least col. 6, lines 6-21, and more generally, Col. 6, line 54 to Col. 10, line 32).

Thus, Wolfberg et al.'s spending flexibility guideline model would be applicable even while adhering to an asset mix determined by industry type.

Therefore, it would have obvious to one of ordinary skill at the time the invention was made to include a method wherein if said investment portion is greater than said second limit, setting a third part equal to said set amount and allocating said third part to a third security of said corresponding industry group. A person of ordinary skill in the art at the time the invention was made would have been motivated to include such a step to permit fund managers to provide support for the securities of several companies that are recognized as the leaders in a particular industry. It is well known that in periods where an industry is undergoing expansion, a fund manager might prefer to invest in several industry securities as an alternative to more traditional ways of holding uninvested fund assets.

Conclusion

Several cited references provide strong clues concerning the existence of materials, not yet of record, relevant to applicant's invention. Applicant is reminded of his duty to disclose under 37 CFR 1.56.

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within

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TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Zurita whose telephone number is 703-605-4966. The examiner can normally be reached on 8:30 am to 5:00 pm, M-F.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Wynn Coggins can be reached on 703-308-1344. The fax phone numbers for the organization where this application or proceeding is assigned are 703-746-7239 for regular communications and 703-746-7238 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-395-3900.

James Zurita
Patent Examiner
Art Unit 2165
April 17, 2002


WYNN COGGINS
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